5. Notes to Financial Statements

1. Cautionary Note Regarding Assumptions of a Going Concern

There are none.

2. Segment Information

Geographical Information (Based on Customer Locations)

Revenue to External Customers (Millions of yen)

	9 Months FY2013 (For nine-month period ended December 31, 2013)	9 Months FY2014 (For nine-month period ended December 31, 2014)
Japan	2,035,850	1,985,333
Outside Japan		
EMEIA	666,404	730,826
Americas	285,709	284,563
Asia	279,349	280,624
Oceania	85,025	83,081
Sub Total	1,316,487	1,379,094
Total	3,352,337	3,364,427

Revenue to External Customers (Millions of yen)

	3Q FY2013 (For three-month period ended December 31, 2013)	3Q FY2014 (For three-month period ended December 31, 2014)
Japan	743,727	679,665
Outside Japan		
EMEIA	250,138	267,334
Americas	87,090	92,888
Asia	93,641	104,924
Oceania	26,140	26,759
Sub Total	457,009	491,905
Total	1,200,736	1,171,570

Notes;

1. Geographical segments are defined based on customer location.
2. Principal countries and regions comprising the segments other than Japan:
   (1) EMEIA (Europe, Middle East, India and Africa): UK, Germany, Spain, Finland and Sweden
   (2) Americas: US, Canada
   (3) Asia: China, Singapore, Korea and Taiwan
   (4) Oceania: Australia
3. There is no country that is required to have a separate individual disclosure.

3. Equity and Other Components of Equity

Other components of Equity and Changes in Other Comprehensive Income

(Millions of yen)

	9 Months FY2013 (For nine-month period ended December 31, 2013)	9 Months FY2014 (For nine-month period ended December 31, 2014)
Foreign currency translation adjustments		
Beg. Balance	4,738	13,023
Other Comprehensive Income	7,421	21,195
Others	—	—
End. Balance	12,159	34,218
Cash flow hedges		
Beg. Balance	-46	20
Other Comprehensive Income	-197	-72
Others	—	—
End. Balance	-243	-52
Available-for-sale financial assets		
Beg. Balance	38,363	50,100
Other Comprehensive Income	17,515	10,107
Others	—	—
End. Balance	55,878	60,207
Remeasurement of Defined Benefit Plans		
Beg. Balance	—	—
Other Comprehensive Income	71,553	50,031
Others	-71,553	-50,031
End. Balance	—	—
Other Components of Equity		
Beg. Balance	43,055	63,143
Other Comprehensive Income	96,292	81,261
Others	-71,553	-50,031
End. Balance	67,794	94,373

4. First-time Adoption

Fiscal 2014 marks the first time that the Fujitsu Group's financial statement disclosures have been prepared in accordance with IFRS. April 1, 2013 is the date of transition to IFRS. The financial statements of the prior fiscal year (April 1, 2013 – March 31, 2014) were prepared in accordance with the Generally Accepted Accounting Principles in Japan ("Japanese accounting standards").

1) The Fujitsu Group's Policies on the Application of IFRS 1, *First-time Adoption of International Financial Reporting Standards*, and 2) Significant Differences with Japanese Accounting Standards

Please refer to "Part II. Financial Tables, 8. First-time Adoption" in FY2014 First-Quarter Financial Results.

3) Reconciliations Based on IFRS 1

Based on IFRS 1, the reconciliations to comprehensive income for the previous fiscal year's nine months (April 1- December 31, 2013) and third quarter (October 1- December 31, 2013) are as follows.

For the reconciliations to equity for the date of transition to IFRS (April 1, 2013) and the end of the previous fiscal year (March 31, 2014), and the reconciliations to comprehensive income for the previous fiscal year (April 1, 2013 – March 31, 2014), please refer to "Part II. Financial Tables, 8. First-time Adoption" in FY2014 First-Quarter Financial Results.

Reconciliations to Comprehensive Income for the Nine Months Ended December 31, 2013 (April 1, 2013 - December 31, 2013)

(Millions of Yen)

Presentation under JGAAP	Note	JGAAP	Reclassification	Recognition and Measurement	IFRS	Presentation under IFRS
Net sales		3,352,337	―	―	3,352,337	Revenue
Cost of sales	A	-2,476,395	―	579	-2,475,816	Cost of sales
Gross profit		875,942	―	579	876,521	Gross profit
Selling, general and administrative expenses	A	-838,933	-1,244	22,817	-817,360	Selling, general and administrative expenses
	B	―	-25,236	32,704	7,468	Other income (expenses)
Operating income		37,009	-26,480	56,100	66,629	Operating profit
Other income						
	C	―	12,393	―	12,393	Financial income
Interest income	C	1,489	-1,489	―	―	
Dividend income	C	3,138	-3,138	―	―	
Equity in earnings of affiliates, net	C	3,371	1,515	337	5,223	Income from investments accounted for using the equity method, net
Gain on foreign exchange, net	C	5,454	-5,454	―	―	
Others	B,C	5,347	-5,347	―	―	
Total other income		18,799	-1,520	337	17,616	
Other expenses						
	C	―	-5,651	-146	-5,797	Financial expenses
Interest charges	C	-4,852	4,852	―	―	
Loss on disposal of property, plant and equipment and intangible assets	B	-2,207	2,207	―	―	
Others	B,C	-5,964	5,964	―	―	
Total other expenses		-13,023	7,372	-146	-5,797	
Ordinary income		42,785	-42,785	―	―	
Extraordinary gains	B,C	5,636	-5,636	―	―	
Extraordinary losses	B	-26,264	26,264	―	―	
Income (loss) before income taxes and minority interests		22,157	―	56,291	78,448	Profit before income taxes
Total income taxes	D	-14,286	―	-760	-15,046	Income tax expenses
Income (loss) before minority interests		7,871	―	55,531	63,402	Profit for the period
						Profit for the period attributable to:
		―	2,396	56,076	58,472	Owners of the parent
Minority interests in income (loss) of consolidated subsidiaries	E	5,475	―	-545	4,930	Non-controlling interests
		―	―	―	63,402	Total
Net income (loss)		2,396	-2,396	―	―	

(Millions of Yen)

Presentation under JGAAP	Note	JGAAP	Reclassification	Recognition and Measurement	IFRS	Presentation under IFRS
Income (loss) before minority interests		7,871	—	55,531	63,402	Profit for the period
Other comprehensive income	F					Other comprehensive income
						Items that will not be reclassified to profit or loss
Remeasurements of defined benefit plans, net of taxes		-12,717	—	88,122	75,405	Remeasurement of defined benefit plans
						Items that may be reclassified subsequently to profit or loss
Foreign currency translation adjustments		63,161	—	-55,653	7,508	Foreign currency translation adjustments
Deferred gains or losses on hedges, net of taxes		-37	—	—	-37	Cash flow hedges
Unrealized gain and loss on securities, net of taxes		16,492	—	1,314	17,806	Available-for-sale financial assets
Share of other comprehensive income of affiliates accounted for using the equity method		2,352	—	-4	2,348	Share of other comprehensive income of investments accounted for using the equity method
		—	—	-54,343	27,625	
Total other comprehensive income		69,251	—	33,779	103,030	Total other comprehensive income, net of taxes
Comprehensive income:		77,122	—	89,310	166,432	Total comprehensive income for the period:
Attributable to:						Total comprehensive income for the period attributable to:
Owners of the parent		69,595	—	85,169	154,764	Owners of the parent
Minority interests	G	7,527	—	4,141	11,668	Non-controlling interests
		77,122	—	89,310	166,432	Total

Reconciliations to Comprehensive Income for the Third Quarter Ended December 31, 2013 (October 1, 2013 - December 31, 2013)

(Millions of Yen)

Presentation under JGAAP	Note	JGAAP	Reclassification	Recognition and Measurement	IFRS	Presentation under IFRS
Net sales		1,200,736	—	—	1,200,736	Revenue
Cost of sales	A	-894,923	—	-125	-895,048	Cost of sales
Gross profit		305,813	—	-125	305,688	Gross profit
Selling, general and administrative expenses	A	-279,625	-240	7,349	-272,516	Selling, general and administrative expenses
	B	—	-21,446	24,521	3,075	Other income (expenses)
Operating income		26,188	-21,686	31,745	36,247	Operating profit
Other income						
	C	—	6,578	—	6,578	Financial income
Interest income	C	508	-508	—	—	
Dividend income	C	1,032	-1,032	—	—	
Equity in earnings of affiliates, net	C	1,564	1,515	-7	3,072	Income from investments accounted for using the equity method, net
Gain on foreign exchange, net	C	4,539	-4,539	—	—	
Others	B,C	1,866	-1,866	—	—	
Total other income		9,509	148	-7	9,650	
Other expenses						
	C	—	-2,079	-52	-2,131	Financial expenses
Interest charges	C	-1,661	1,661	—	—	
Loss on disposal of property, plant and equipment and intangible assets	B	-1,232	1,232	—	—	
Others	B,C	-2,122	2,122	—	—	
Total other expenses		-5,015	2,936	-52	-2,131	
Ordinary income		30,682	-30,682	—	—	
Extraordinary gains	B,C	3,809	-3,809	—	—	
Extraordinary losses	B	-22,411	22,411	—	—	
Income (loss) before income taxes and minority interests		12,080	—	31,686	43,766	Profit before income taxes
Total income taxes	D	1,226	—	-446	780	Income tax expenses
Income (loss) before minority interests		13,306	—	31,240	44,546	Profit for the period
						Profit for the period attributable to:
		—	12,022	31,799	43,821	Owners of the parent
Minority interests in income (loss) of consolidated subsidiaries	E	1,284	—	-559	725	Non-controlling interests
		—	—	—	44,546	Total
Net income (loss)		12,022	-12,022	—	—	

(Millions of Yen)

Presentation under JGAAP	Note	JGAAP	Reclassification	Recognition and Measurement	IFRS	Presentation under IFRS
Income (loss) before minority interests		13,306	―	31,240	44,546	Profit for the period
Other comprehensive income	F					Other comprehensive income
						Items that will not be reclassified to profit or loss
Remeasurements of defined benefit plans, net of taxes		-10,288	―	61,604	51,316	Remeasurement of defined benefit plans
						Items that may be reclassified subsequently to profit or loss
Foreign currency translation adjustments		44,498	―	-40,093	4,405	Foreign currency translation adjustments
Deferred gains or losses on hedges, net of taxes		-119	―	―	-119	Cash flow hedges
Unrealized gain and loss on securities, net of taxes		6,725	―	26	6,751	Available-for-sale financial assets
Share of other comprehensive income of affiliates accounted for using the equity method		523	―	70	593	Share of other comprehensive income of investments accounted for using the equity method
		―	―	-39,997	11,630	
Total other comprehensive income		41,339	―	21,607	62,946	Total other comprehensive income, net of taxes
Comprehensive income:		54,645	―	52,847	107,492	Total comprehensive income for the period:
Attributable to:						Total comprehensive income for the period attributable to:
Owners of the parent		52,052	―	51,153	103,205	Owners of the parent
Minority interests	G	2,593	―	1,694	4,287	Non-controlling interests
		54,645	―	52,847	107,492	Total

[Notes on the Reconciliations to Comprehensive Income for the Previous Fiscal Year's Nine Months (April 1, 2013 - December 31, 2013)]

A. Cost of Sales and Selling, General and Administrative Expenses

Reclassification: 1,244 million yen in one-time income that do not arise in the normal operating cycle, which was included in selling, general and administrative expenses under Japanese accounting standards, has been reclassified as other income, resulting in an increase in selling, general and administrative expenses of 1,244 million yen.

Recognition and Measurement: Fujitsu and its consolidated subsidiaries in Japan that have defined benefit plans have, as of the date of transition to IFRS, applied IAS 19. As a result, with respect to remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses), when any positive or negative difference occurs, it is recognized, after adjusting for tax effects, under other comprehensive income in remeasurement of defined benefit plans, and the amount by which the plan is either overfunded or underfunded is recorded as the net defined benefit asset or liability. Any actuarial gains and losses on defined benefit plans that are recognized in other comprehensive income are immediately reflected in retained earnings.

In accordance with these changes, with respect to the actuarial gains and losses that were amortized under Japanese accounting standards, the amortization expenses are reversed under IFRS. In addition, past service costs that were amortized under Japanese accounting standards before the date of transition to IFRS, are immediately recognized when they occur under IFRS and have been reclassified into retained earnings, after adjusting for tax effects, as of the date of transition to IFRS. Moreover, recognition of the net interest on the net defined benefit liability (asset) replaces recognition of the interest cost and the expected return on plan assets previously required. As a result of these changes, cost of sales has increased by 1,355 million yen, and selling, general and administrative expenses have decreased by 4,053 million yen.

As of the beginning of the 2013 fiscal year, Fujitsu's subsidiaries outside of Japan have applied IAS 19. As a result, they switched to a method whereby remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) were recognized in other comprehensive income, but were not reclassified to profit or loss. In, however, the process of consolidation based on "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan, Practical Issues Task Force, No. 18 dated February 19, 2010), remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) were amortized over the employees' average remaining service period. In accordance with the Fujitsu Group's transition to IFRS, the adjustments described above are no longer necessary. As a result, selling, general and administrative expenses have been reduced by 13,059 million yen.

Goodwill is amortized over a certain period under Japanese accounting standards, but there is no periodic amortization of goodwill under IFRS. In addition, negative goodwill that, under Japanese accounting standards, was included in goodwill because the amount was deemed to be insignificant, has been reclassified into retained earnings as of the date of transition to IFRS. As a result of these adjustments, selling, general and administrative expenses have been reduced by 7,300 million yen.

With respect to sales of computers with repurchase agreements, under Japanese accounting standards, all revenue is recorded at the time of sale. At the same time, to provide for potential future losses at the time of repurchase, a provision for loss on repurchases is recorded using the amount of expected losses on repurchases based on historical data. Under IFRS, profits from this transaction are recognized over the service period. Instead of recording the cost in a lump sum, the cost is recorded in property, plant and equipment and depreciated as cost of sales over the service period. In addition, the amount of provision for loss on repurchase of computers is reversed. As a result of these adjustments, cost of sales has been reduced by 1,947 million yen.

Under Japanese accounting standards, government grants were accounted for either by being netted with the balance of property, plant and equipment or by eliminating the amount of the grants from the actual expense incurred. Under IFRS, however, government grants are recorded as deferred income. As a result, the depreciation expense to property, plant and equipment that is recognized as cost of sales has increased by 18 million yen and the research and development expense that is recognized as selling, general and administrative expenses has increased by 1,593 million yen.

In addition, because of an adjustment to the “Others” account, cost of sales has been reduced by 5 million yen, and selling, general and administrative expenses have been increased by 2 million yen.

As a result of the adjustments described above, cost of sales has been reduced by 579 million yen, and selling, general and administrative expenses have been reduced by 22,817 million yen.

B. Other Income (Expenses)

Reclassification: A total of 9,264 million yen, comprised under Japanese accounting standards of 1,244 million yen in one-time income that do not arise in the normal operating cycle and that was recorded in selling, general and administrative expenses, 5,347 million yen in other income that was recorded under “Others,” 2,132 million yen in gain on sales of property, plant and equipment that was included in extraordinary gains of 5,636 million yen, and 541 million yen from an equity transaction at a subsidiary outside of Japan, which was included in gain on sale of investment securities under extraordinary gains, has been reclassified and recorded as an increase to other income.

A total of 34,435 million yen, comprised under Japanese accounting standards of 26,264 million yen in extraordinary losses, 5,964 million yen in other expenses recorded under “Others,” and 2,207 million yen in losses on the disposal of property, plant and equipment in other expenses, has been reclassified and recorded as a reduction to other income.

Of these amounts, 864 million yen in financial income and 799 million yen in financial expenses have been transferred out of other income and recorded in financial income and expenses, respectively, thereby decreasing other income by 65 million yen. As a result of these changes, other income has been reduced by 25,236 million yen.

Recognition and Measurement:

For a partial buyout in the retirement benefit plan of a European subsidiary, the actuarial gains and losses of 4,550 million yen stemming from the buyout was accounted for in profit or loss as a one-time write-off under Japanese accounting standards. Under IFRS, unrecognized actuarial gains and losses are recognized in other comprehensive income without, however, a corresponding reclassification to profit or loss. As a result, other income was increased by 4,550 million yen.

With respect to the loss of 20,599 million yen incurred on realization of foreign currency translation adjustments stemming from the liquidation of Fujitsu Management Services of America, Inc., a US consolidated subsidiary, it was recognized as an extraordinary loss under Japanese accounting standards, but it is reclassified as other income (expenses) under IFRS. Because the balance of foreign currency translation adjustments was deemed to be zero as of the date of transition to IFRS, the balance of 23,180 million yen as of the transition date is recognized as an increase to other income under IFRS.

With respect to the positive impact on past service costs arising as a result of revisions to the pension plans of some of the consolidated subsidiaries in Japan, because, under IFRS, the effects are immediately recognized when they occur, 3,477 million yen is recognized as an increase to other income.

In addition, because of an adjustment to the “Others” account, other income was increased by 1,497 million yen.

As a result of the adjustments described above, other income has been increased by 32,704 million yen.

C. Financial Income and Financial Expenses, and Income from Investments Accounted for Using the Equity Method, Net

Reclassification:

A total of 12,393 million yen, comprised of 1,489 million yen in interest income, 3,138 million yen in dividend income, 5,454 million yen in gains on foreign exchange, net, 1,448 million yen in gains on sales of investment securities excluding the impact of equity transactions, which was included in extraordinary gains of 5,636 million yen, and 864 million yen in financial income (representing the portion of “Others” under other income that could not, under IFRS, be reclassified as other income), has been reclassified as financial income under IFRS.

In addition, a total of 5,651 million yen, comprised of 4,852 million yen in interest expenses and 799 million yen in financial expenses (representing the portion of “Others” under other expenses that could not, under IFRS, be reclassified as other expenses), has been reclassified as financial expenses under IFRS.

Moreover, 1,515 million yen in gains on sales of investments in affiliate, which was included in extraordinary gains under Japanese accounting standards, has been reclassified as income from investments accounted for using the equity method, net, under IFRS.

Recognition and Measurement: IFRS has been applied to equity method affiliates, causing their equity to increase. As a result, income from investments accounted for using the equity method, net, has increased by 337 million yen. In addition, financial expenses have increased by 146 million yen primarily because of the application of the effective cost method in measuring corporate bonds at their amortized cost.

<u>D. Income Tax Expenses</u>

Recognition and Measurement: With respect to the tax effects arising from elimination of intercompany unrealized gains, income tax expenses are deferred based on the sellers' tax amounts under Japanese accounting standards, whereas under IFRS intercompany unrealized gains are treated as temporary differences associated with the purchasers' assets and the tax effects are recognized as deferred tax assets using the purchasers' tax rates after a study of the recoverability of the deferred tax assets. As a result, income tax expenses have reduced by 584 million yen. In addition, as a result of recording deferred tax assets and liabilities arising out of measurement differences, income tax expenses have increased by 1,344 million yen. The effect of these adjustments has been to increase income tax expenses by 760 million yen.

<u>E. Non-controlling Interests (Profit for the period)</u>

Recognition and Measurement: As a result of calculating the impact on non-controlling interests arising from recognition and measurement differences, profit for the period attributable to non-controlling interests has reduced by 545 million yen. Under IFRS the amount of losses of a subsidiary is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance, whereas under Japanese accounting standards the amount is only attributed to the owners of the parent in that circumstance.

<u>F. Other Comprehensive Income</u>

Recognition and Measurement: Remeasurement of Defined Benefit Plans

For the gains and losses on remeasurements of the defined benefit plans, after adjusting for tax effects, 88,122 million yen is recognized in other comprehensive income.

Foreign Currency Translation Adjustments

55,653 million yen in foreign currency translation adjustments arising from remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) of subsidiaries outside of Japan is recognized in other comprehensive income.

Available-for-sale Financial Assets

Available-for-sale financial assets are measured at fair value in accordance with IFRS, and for the change in the fair value, after adjusting for tax effects, 1,314 million yen is recognized in other comprehensive income.

Share of Other Comprehensive Income of Investments Accounted for Using the Equity Method
IFRS was applied to equity method affiliates, and because this caused their other comprehensive income to decrease, the Company's share of other comprehensive income of the affiliates has been reduced by 4 million yen.

G. Non-controlling Interests (Total comprehensive income for the period)

Recognition and Measurement: As a result of calculating the impact on non-controlling interests arising from recognition and measurement differences, total comprehensive income for the period attributable to non-controlling interests has increased by 4,141 million yen.

[Notes on the Reconciliations to Comprehensive Income for the Previous Fiscal Year's Third Quarter (October 1, 2013 - December 31, 2013)]

A. Cost of Sales and Selling, General and Administrative Expenses

Reclassification: 240 million yen in one-time income that do not arise in the normal operating cycle, which was included in selling, general and administrative expenses under Japanese accounting standards, has been reclassified as other income, resulting in an increase in selling, general and administrative expenses of 240 million yen.

Recognition and Measurement: Fujitsu and its consolidated subsidiaries in Japan that have defined benefit plans have, as of the date of transition to IFRS, applied IAS 19. As a result, with respect to remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses), when any positive or negative difference occurs, it is recognized, after adjusting for tax effects, under other comprehensive income in remeasurement of defined benefit plans, and the amount by which the plan is either overfunded or underfunded is recorded as the net defined benefit asset or liability. Any actuarial gains and losses on defined benefit plans that are recognized in other comprehensive income are immediately reflected in retained earnings. In accordance with these changes, with respect to the actuarial gains and losses that were amortized under Japanese accounting standards, the amortization expenses are reversed under IFRS. In addition, past service costs that were amortized under Japanese accounting standards before the date of transition to IFRS, are immediately recognized when they occur under IFRS and have been reclassified into retained earnings, after adjusting for tax effects, as of the date of transition to IFRS. Moreover, recognition of the net interest on the net defined benefit liability (asset) replaces recognition of the interest cost and the expected return on plan assets previously required. As a result of these changes, cost of sales has increased by 306 million yen, and selling, general and administrative expenses have decreased by 1,393 million yen.

As of the beginning of the 2013 fiscal year, Fujitsu's subsidiaries outside of Japan have applied IAS 19. As a result, they switched to a method whereby remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) were recognized in other comprehensive income, but were not reclassified to profit or loss. In, however, the process of consolidation based on "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements," remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) were amortized over the employees' average remaining service period. In accordance with the Fujitsu Group's transition to IFRS, the adjustments described above are no longer necessary. As a result, selling, general and administrative expenses have been reduced by 4,513 million yen.

Goodwill is amortized over a certain period under Japanese accounting standards, but there is no periodic amortization of goodwill under IFRS. In addition, negative goodwill that, under Japanese accounting standards, was included in goodwill because the amount was deemed to be insignificant, has been reclassified into retained earnings as of the date of transition to IFRS. As a result of these adjustments, selling, general and administrative expenses have been reduced by 2,387 million yen.

With respect to sales of computers with repurchase agreements, under Japanese accounting standards, all revenue is recorded at the time of sale. At the same time, to provide for potential future losses at the time of repurchase, a provision for loss on repurchases is recorded using the amount of expected losses on repurchases based on historical data. Under IFRS, profits from this transaction are recognized over the service period. Instead of recording the cost in a lump sum, the cost is recorded in property, plant and equipment and depreciated as cost of sales over the service period. In addition, the amount of provision for loss on repurchase of computers is reversed. As a result of these adjustments, cost of sales has been reduced by 187 million yen.

Under Japanese accounting standards, government grants were accounted for either by being netted with the balance of property, plant and equipment or by eliminating the amount of the grants from the actual expense incurred. Under IFRS, however, government grants are recorded as deferred income. As a result, the depreciation expense to property, plant and equipment that is recognized as cost of sales has increased by 6 million yen and the research and development expense that is recognized as selling, general and administrative expenses has increased by 944 million yen.

As a result of the adjustments described above, cost of sales has been increased by 125 million yen, and selling, general and administrative expenses have been reduced by 7,349 million yen.

B. Other Income (Expenses)

Reclassification: A total of 4,238 million yen, comprised under Japanese accounting standards of 240 million yen in one-time income that do not arise in the normal operating cycle and that was recorded in selling, general and administrative expenses, and 1,866 million yen in other income that was recorded under "Others," 2,132 million yen in gain on sales of property, plant and equipment that was included in extraordinary gains of 3,809 million yen, has been reclassified and recorded as an increase to other income.

A total of 25,765 million yen, comprised under Japanese accounting standards of 22,411 million yen in extraordinary losses, 2,122 million yen in other expenses recorded under “Others,” and 1,232 million yen in losses on the disposal of property, plant and equipment in other expenses, has been reclassified and recorded as a reduction to other income.

Of these amounts, 418 million yen in financial expenses and 337 million yen in financial income have been transferred out of other income and recorded in financial expenses, thereby increasing other income by 81 million yen.
As a result of these changes, other income has been reduced by 21,446 million yen.

Recognition and Measurement: With respect to the loss of 20,599 million yen incurred on realization of foreign currency translation adjustments stemming from the liquidation of Fujitsu Management Services of America, Inc., a US consolidated subsidiary, it was recognized as an extraordinary loss under Japanese accounting standards, but it is reclassified as other income (expenses) under IFRS. Because the balance of foreign currency translation adjustments was deemed to be zero as of the date of transition to IFRS, the balance of 23,180 million yen as of the transition date is recognized as an increase to other income under IFRS.

In addition, because of an adjustment to the “Others” account, other income was increased by 1,341 million yen.

As a result of the adjustments described above, other income has been increased by 24,521 million yen.

C. Financial Income and Financial Expenses, and Income from Investments Accounted for Using the Equity Method, Net

Reclassification: A total of 6,578 million yen, comprised of 508 million yen in interest income, 1,032 million yen in dividend income, 4,539 million yen in gains on foreign exchange, net, 162 million yen in gains on sales of investment securities that was included in extraordinary gains of 3,809 million yen, 337 million yen in financial income (representing the portion of “Others” under other income that could not, under IFRS, be reclassified as other income), has been reclassified as financial income under IFRS.
In addition, a total of 2,079 million yen, comprised of 1,661 million yen in interest expenses, and 418 million yen in financial expenses (representing the portion of “Others” under other expenses that could not, under IFRS, be reclassified as other expenses), has been reclassified as financial expenses under IFRS.

Moreover, 1,515 million yen in gains on sales of investments in affiliate, which was included in extraordinary gains under Japanese accounting standards, has been reclassified as income from investments accounted for using the equity method, net, under IFRS.

Recognition and Measurement: IFRS has been applied to equity method affiliates, causing their equity to decrease. As a result, income from investments accounted for using the equity method, net, has reduced by 7 million yen. In addition, financial expenses have increased by 52 million yen primarily because of the application of the effective cost method in measuring corporate bonds at their amortized cost.

D. Income Tax Expenses

Recognition and Measurement: With respect to the tax effects arising from elimination of intercompany unrealized gains, income tax expenses are deferred based on the sellers' tax amounts under Japanese accounting standards, whereas under IFRS intercompany unrealized gains are treated as temporary differences associated with the purchasers' assets and the tax effects are recognized as deferred tax assets using the purchasers' tax rates after a study of the recoverability of the deferred tax assets. As a result, income tax expenses have decreased by 163 million yen. In addition, as a result of recording deferred tax assets and liabilities arising out of measurement differences, income tax expenses have increased by 609 million yen. The effect of these adjustments has been to increase income tax expenses by 446 million yen.

E. Non-controlling Interests (Profit for the period)

Recognition and Measurement: As a result of calculating the impact on non-controlling interests arising from recognition and measurement differences, profit for the period attributable to non-controlling interests has reduced by 559 million yen. Under IFRS the amount of losses of a subsidiary is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance, whereas under Japanese accounting standards the amount is only attributed to the owners of the parent in that circumstance.

F. Other Comprehensive Income

Recognition and Measurement: Remeasurement of Defined Benefit Plans

For the gains and losses on remeasurements of the defined benefit plans, after adjusting for tax effects, 61,604 million yen is recognized in other comprehensive income.

Foreign Currency Translation Adjustments

40,093 million yen in foreign currency translation adjustments arising from remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) of subsidiaries outside of Japan is recognized in other comprehensive income.

Available-for-sale Financial Assets

Available-for-sale financial assets are measured at fair value in accordance with IFRS, and for the change in the fair value, after adjusting for tax effects, 26 million yen is recognized in other comprehensive income.

Share of Other Comprehensive Income of Investments Accounted for Using the

Equity Method
IFRS was applied to equity method affiliates, and because this caused their other comprehensive income to increase, the Company's share of other comprehensive income of the affiliates has been increased by 70 million yen.

G. Non-controlling Interests (Total comprehensive income for the period)

Recognition and Measurement: As a result of calculating the impact on non-controlling interests arising from recognition and measurement differences, total comprehensive income for the period attributable to non-controlling interests has increased by 1,694 million yen.

Reconciliations to the Consolidated Statement of Cash Flows for the Previous Fiscal Year's Nine Months (April 1, 2013 – December 31, 2013) and the Previous Fiscal Year (April 1, 2013 – March 31, 2014)

There are no significant differences between the consolidated statement of cash flows under Japanese accounting standards and the consolidated statement of cash flows under IFRS.